Who do you think your clients are?

> "Data and knowledge can be very powerful tools and allow you to manage and to set expectations with your customer from the outset. In our experience this is key to getting your cases over the line"
>
> **Niamh O'Sullivan Technical Underwriting, Irish Life**

> "Ask Underwriting is easily accessible and allows you to set expectations with your customers"
>
> **David McGovern, Technical Underwriting, Irish Life**

In the popular TV genealogy show 'Who do you think you are?' celebrities trace back along their family tree with the help of experts to uncover who their ancestors were and what sort of lives they lived. In our business we use our own expert in the form of a rules engine to tell us more about the typical brokers' protection customers.

Data mining is becoming increasingly popular within the insurance industry. Aside from tracking business volumes and identifying trends in peak/slow business periods it can be used to help build a profile of who protection customers are. Age, gender, marital status, medical history, product preference, can all be analysed to tell us more about who customers are and what they want. Primarily this type of data has been used in marketing and pricing divisions but we in underwriting are also seeing the benefits of tapping into the pool of information that we can obtain from our protection rules engine.

Applications which are automatically accepted by our protection rules engine are not only a more cost effective business model but in addition we have also seen they have a higher in force rate to those that go through the underwriting process. Having the customer present at the point of sale and being able to answer the reflexive questions generates almost twice the auto accept rate than without the customer being present.

We have analysed our data to enable us to see which lives and medical conditions are being referred onto the underwriting team. We can then identify our most commonly seen medical conditions and develop our target questionnaires for customers to minimise the number of G.P. or Medical requirements we need to issue, to create a better customer experience. If the application is interactive (customer present) we can implement changes to our rules engine to either enable it to accept the risk if we are happy to do so or to gather enough information that can then be passed onto the underwriter to make a decision. Any changes made to the system can be tracked to see how this change has impacted on our systems automatic acceptance rates.

Summary of typical broker protection customer

We analysed all lives received through our broker channel for 2016 and found some interesting pieces of information:

- The percentage of male lives was marginally ahead of female lives.
- Our Term Life Insurance plan continues to be the most popular for your broker customers with approx. 60% choosing Level Term, 30% Decreasing Term and 10% taking out Whole of Life plans.
- The most commonly proposed sum assured ranged from €100,000 – €250,000.
- Interestingly 40% of all broker customers chose some level of Specified Illness Cover on their plan with an average sum assured of €100,000 - €250,000.

Analysis of Medical Disclosures:

1. Smoking and Alcohol

According to data from the Health Service Executive, the overall prevalence of cigarette smoking in Ireland in 2015 was 19.1% **(Source : www.hse.ie)**. Smoking remains one of the main forms of non-disclosures and can result in issues when a protection policy comes to claim. In 2016 we implemented changes to our smoking questions and as a result we saw a rise of 1-2% in the overall disclosures of smoking. This is a positive factor long term, as we are in the business to pay claims and increased disclosure levels reduce the risk of an issue at claim stage.

The average smoker rate for broker customers in 2016 was 21% for males and 17% for females (**Source: Irish Life**) which is in line with the data from the HSE study.

As you would expect the vast majority of customers are disclosing that they consume less than 20 drinks per week.

2. BMI Rates

The average body mass index (BMI) of our broker customer's ranges from 25 – 28. According to WHO guidelines this is in within the pre-obesity range. Approximately 10% of customers who apply disclose a BMI of 32 or above. The table below illustrates the World Health Organisation's classification in relation to body mass index:

BMI	Classification
<18	Underweight
18 -25	Healthy weight
26 -30	Pre-obesity
31-34	Obesity Class I
35 -39	Obesity class II
>40	Obesity class III

(Source: www.who.int)

3. Top medical disclosures and how best to manage them

We see a steady trend in relation to the type of medical disclosures coming through from our broker customers each year. So what are they and how are they managed? The top five medical disclosures and percentages of customers who made these disclosures are:

- Blood Pressure 13%
- Cholesterol 10%
- Mental Illness 6%
- Back pain 4%
- Diabetes 4%

The good news is the majority of these medical disclosures can be underwritten based on the customer's own disclosure. Being prepared to manage the gathering of medical information across these 5 medical conditions and discussing the likely outcomes with your customer at the outset will go a long way to ensuring you and your customers experience is a positive one.

Irish Life have specific medical questionnaires or reflexive medical questions to enable customers provide detailed disclosures and in many cases thereby avoid unnecessary delays in obtaining medical reports from their G.P. Data and knowledge can be very powerful tools and allow you to manage and to set expectations with your customer from the outset. In our experience this is key to getting your cases over the line.

Ask Underwriting

Ask Underwriting is our complete online guide for Brokers. Ask Underwriting is easily accessible and allows you to set expectations with your customers. You can access hundreds of medical conditions which details information we require from your customer and likely acceptance terms. Log on today for our new look Ask Underwriting where you can easily navigate hundreds of Medical Conditions your customers are disclosing. You can access our Requirements Calculator, Body Mass Index Calculator and much more information. You can access all our customer Fast Track questionnaires through Ask Underwriting on www.bline.ie .

Irish Life Assurance plc is regulated by the Central Bank of Ireland

ITC Pensions Update
Finance Act 2017

Independent Trustee Company ('ITC') recently released an editorial that mentioned some potentially significant changes introduced in November's Finance Bill regarding unvested PRSAs.

The proposed amendments provided that benefits not taken by PRSA contributors on or before their 75th birthday will be treated as having been vested on that date with the consequences that brings (see below). Furthermore, the individual's 75th birthday will be a Benefit Crystallisation Event (BCE) for the purpose of determining any liability to excess fund tax. The final version of the legislation has modified the position further.

First of all, it extended the new rules to RAC contracts. Second, it has brought in transitional rules for individuals who are over age 75 and have an unvested RAC/PRSA. They now at least have until 31 March 2017 to access these arrangements under the normal retirement options. After that date, the following rules will now apply:

- The PRSA will be subject to the imputed distribution and will, on death, be treated like an Approved Retirement Fund (ARF), but after 31 March 2017 the individual will have no access to the assets in the PRSA during their lifetime.
- A vested RAC will be subject to the ARF rules on death, but after 31 March 2017 the individual will have no access to assets in the RAC during their lifetime.

RAC/PRSA holders who will be 75 after 31 March 2017 will need to consider drawing their benefits on or before age 75 as a result of the new provisions.

If you have any questions on this editorial please contact ITC on 01 661 1022 or by email justask@independent-trustee.com

Davy Asset Management Investment Outlook 2017

Davy Asset Management held their nationwide Investment Conferences from the 24th January to the 27th January across six regional venues. The events were based around an interactive panel discussion between members of the Investment Team and financial advisors.

Given the eventful year markets had in 2016 the discussion was very timely providing financial advisors with a review of 2016 and an overview of the developing situations in China, Brexit, the USA, Equities and Bond markets. The team highlighted their preference for equities over bonds, the duration risk associated with longer dated bonds and the prospects for periods of elevated volatility in 2017. Over 250 financial advisors attended the conferences with great feedback received on the format and content. If you did not receive an invite and would like to in the future please email **assetmanagement@davy.ie** or call 01 6148874.